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FINAL REPORT



February, 2008



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Abbreviations

BID – IADB	Inter-American Development Bank
COCODE	Community Development Council
CODEDE	Departmental Development Council
COMUDE	Municipal Development Council
CONADUR	National Urban and Rural Development Council
CNAP	National Council for Implementation of the Peace Accords
FIPA/IRG	Institutional enforcement in environmental policies/International Resource Group
GDR	Rural Development Cabinet
GGDR	Management of the Rural Development Cabinet
IARNA	Institute of Environment and Natural Resources of the Rafael Landivar University
IICA	Inter-American Institute of Cooperation for Agriculture
IRs	Intermediate Results of the SO2
MAGA	Ministry of Agriculture, Animal Husbandry and Food
MDPDRI	Inter-sector Dialogue and Participation Table on the Integral Rural Development Policy
MIA	Inter-Agency Technical and Financial Cooperation Table for Rural Development
MGT	Territorial Management Model of SEGEPLAN
PDR	Rural Development Policy
PET	Territorial Strategy Plan
PLAMIR	Multi-Year Plan for Rural Investments
USAID	United States Agency for International Development
UTDR	Technical Unit of Rural Development of the SEGEPLAN
SEGEPLAN	Secretariat of Planning and Programming of the Presidency of the Republic
SESAN	Secretariat of Food and Nutrition Security
SEPREM	Presidential Secretariat of Woman
SINAPRE	National Pre-investment System of SEGEPLAN
SINPET	National System of Territorial Strategic Planning of SEGEPLAN
SNIP	National System of Public Investment of SEGEPLAN
SO2	Strategic Objective 2 of the USAID Strategy for Guatemala, 2004-2009

Executive Summary

The recent rural development policies promoted in Guatemala have been guided by the provisions of the Constitution of the Republic, the commitments of the Peace Accords and discussions that have taken place in tables for dialogue and proposal. In August 2004, the Government of the Republic began a process to draft, in a participative manner, the Rural Development Policy, requesting the technical and financial accompaniment of USAID.

The strategy of the United States Agency for International Development (USAID) in Guatemala comes from the conviction that poverty and indigence are rural and indigenous phenomena, affecting mainly women and youth, thus needing strategic and focused actions to promote rural development.

On the basis of such a convergence of interests, the USAID Mission in Guatemala decided to support the government initiative in an alliance with the Inter-American Institute of Cooperation for Agriculture (IICA), given the technical strengths and experience that the latter possesses in rural development and in territorial approach. The purpose of the cooperative agreement, subscribed in May 2005, was to lend support to the Government of Guatemala in drafting a Rural Development Policy and implement the 2005 Action Plan of the Rural Development Cabinet.

Upon request of the Government of Guatemala, such Cooperative Agreement was amended six times and its original duration was extended until the 29th of February 2008.

The technical and financial cooperation of the USAID/IICA Agreement was channeled through the Management of the Rural Development Cabinet (GGDR) from the 12th of May, 2005 until April 11th, 2006. After May 2006, the cooperation was channeled through the Technical Unit for Rural Development (UTDR) of SEGEPLAN, thus institutionalizing within the State, the efforts begun and the new initiatives.

The expected results from the support through the Management of the GDR were included in the Original Agreement and its Amendment I. Amendment II and successive amendments describe the results to be accomplished through the UTDR. That is why this Final Report presents the results divided into those two implementation stages of the USAID/IICA Cooperative Agreement.

During the first stage of support through the GGDR, it was planned to accomplish 8 results and 18 specific activities. All of the expected results were accomplished. Due to the nature of the process begun, some of the original activities were changed or were under full implementation when the transition to the UTDR took place.

During that stage, accompaniment was given to the Dialogue and Participation Table to draft the Rural Development Policy; the implementation of the Strategic

Agenda and the 2005 Action Plan of the GDR were supported; the Inter-Agency Table of Technical and Financial Cooperation for Rural Development was installed; technical assistance was given to the GDR; several studies and proposals were made at the request of the GDR; the communication strategy was designed; and activities that were vital to incorporate food and nutrition security in the rural development approach were promoted, including the later creation of the Secretariat of Food and Nutrition Security (SESAN).

During this period, the Dialogue and Participation Table had significant accomplishments in creating adequate conditions to define the vision of rural development and the inter-sector nature of public policies to be implemented.

Political will was essential and it was made evident with the creation of the Rural Development Cabinet (GDR) at the highest possible level within the government structure.

Due to the manner in which the process was conceived, from the Strategic Agenda up to the Rural Development Policy, including the transition from the GGDR to the UTDR, the implementation of the Action Plan was a key ingredient to maintain a clear idea about the direction and articulation of the initiative.

The decision to incorporate actors who were representative of civil society in the process to define the Rural Development Policy also helped to create the proper climate and obtain social support for the measures that were to be implemented.

Within the Dialogue and Participation Table, the agreements and disagreements were part of an expected dynamics. However, outside the Table, a more comprehensive political covenant was missing, to *"reconcile the dynamics of the three branches of the State... to foster the convergence of all actors involved in the issue of rural development"* (GGDR Final Report, 2006).

Thus, the dynamics parallel to the dialogue process, especially in the Congress of the Republic, led to the submission of several draft laws on rural development that do not necessary contain the advances and consensus accomplished at the table.

The fact that the citizen policy-proposals that arise through dialogue processes are not binding in the executive and/or legislative decisions is the "bottleneck" of the dialogue and citizens participation processes.

It was also clear that the divergences on agrarian issues, the rights of indigenous peoples, territorial approach and the mechanisms to incorporate gender equity, would continue to be the most critical issues to draft, in full consensus, a Rural Development Policy.

During the second stage, when the technical and financial assistance was channeled through the UTDR of SEGEPLAN, the USAID/IICA Cooperative Agreement included 6 components, 15 results and 34 activities. At the time of this Final Report of

the USAID/IICA Cooperative Agreement, 22 out of 23 results had been fully accomplished. The only result that could not be fully accomplished was outside the sphere of decision of the entities assisted by the USAID/IICA Cooperative Agreement.

The general balance of the implementation of the USAID/IICA Cooperative Agreement is positive. The four objectives that had been presented in the Strategic Agenda of the GDR were fully accomplished, to the extent that it was necessary to draft an updated version, with the technical and financial accompaniment of the Agreement. In a sense, having met all of the original objectives of the Strategic Agenda is the global indicator that summarizes the success attained by the USAID/IICA Cooperative Agreement.

The updated version of the Strategic Agenda and its respective action plan, both oriented to implement the Integral Rural Development Policy, contains:

1. Inclusive economic growth
2. Competitiveness of the rural territories
3. Agrarian governance

The critical route to achieve inclusive economic growth is to support competitive agriculture based on small productive units, especially in the Highlands and other focalized areas.

To increase competitiveness in rural territories, an intensive intervention is needed in the major determinants: rural roads, electric coverage, broad band internet and rural telephones, departmental airports, and foster the articulation of urban-rural services.

Agrarian governance will continue to be the greatest challenge, for which a series of strategic actions is proposed, together with an intensive attention to the 1631 cases of land tenure conflicts under process in the Secretariat of Agrarian Matters.

Everything seems to indicate that rural development will hold its importance in the new Government, although changes are anticipated, attributed to the management style of the new government administration and a new approach of geographic focus.

A strong and articulate institutionalism is the key to generate synergies and make rural development viable. The outstanding challenges to strengthen such institutionalism are:

1. The lack of enactment of the Law of Rural Development and the Law of Public Investment.
2. The participation of the municipalities as well as of the COMUDES/COCODES in the process of drafting, implementation and evaluation of the Rural Development Policy. The vertical logic of rural development planning must be reversed.

3. Positioning the updated Strategic Agenda in the programmatic agenda of the new government. The summons to a national dialogue announced by the new Government could be the ideal space to launch the continuation of the actions begun.
4. Maintain the implementation of the two major ongoing programs: the one to make Peasant Economies Dynamic and that of Inclusive Rural Development for the Highlands.

A systematic follow-up on the execution of those programs and feedback on the lessons learned should be assumed as a relevant task to reinforce the concept, programmatic and institutional foundations of rural development.

The lack of consensus on land tenure issues points to the critical spot where rural development begins to have different meanings, perhaps even contradictory meanings for those involved. But the continuation of the policy dialogue should prevent the “agrarianization” of the concept of rural development.

The dual function of SEGEPLAN, with the support of the UTDR, as the technical secretariat of the GDR and of CONADUR ensured the consistency of the substantive agenda of both instances. The applications for support sent to the USAID/IICA Cooperative Agreement made by one counterpart facilitated the administrative process.

The synergy of the USAID/IICA Cooperative Agreement with other programs of the USAID/Guatemala Mission also contributed to multiply the impact of the cooperation given.

The flexible design of the USAID/IICA Cooperative Agreement and the beneficial association among USAID projects, are modalities worth replicating.

In general terms, the USAID/IICA Cooperative Agreement contributed to the democratization of the dialogue on policies, but also to specific processes of institutionalism and implementation of programs linked to rural development that tend to be valued and maintained by the new authorities of the Government of Guatemala. The process started has not been left unfinished, but rather in full progress.



I. Background and design of the Cooperative Agreement

1. The government initiative on rural development

The recent rural development policies promoted in Guatemala have been guided by the provisions of the Constitution of the Republic, the commitments of the Peace Accords, specifically the Agreements on Social and Economic Aspects and Agrarian Situation, and on Identity and Rights of Indigenous Peoples.

In August 2004, the Government of Guatemala began the process to draft a new Rural Development Policy (PDR), to provide a long-term frame that will enable to improve the living conditions of the people in rural areas, consolidating the institutional foundations and implementing specific policies and regulations to facilitate and support a sustainable rural economic growth.

The first step in the process was the installation on August 8, 2004, of the Rural Development Cabinet (GDR), presided by the Vice-President of the Republic and formed by seven Ministries, four Secretariats of the Presidency and three Presidential Commissioners. The GDR concentrated in three major areas:

- i. Develop a Strategic Agenda and the Action Plan of the GDR;
- ii. Create and implement the Inter-sector Dialogue and

Participation Table on an Integral Rural Development Policy (MDPDRI) to draft the Rural Development Policy; and

- iii. Formalize the Inter-agency Technical and Financial Cooperation Table for Rural Development (MIA).

At the beginning of the process, the operational mechanism and the technical secretariat to support the GDR was the Management of the Rural Development Cabinet (GGDR), which functioned *attached* to the Vice-Presidency but outside the institutional State structures. As part of the process of institutionalization that was launched later on (see Section III), in April 2006, the Technical Unit on Rural Development (UIDR) was created, becoming incorporated into the Secretariat of Planning and Programming of the Presidency of the Republic (SEGEPLAN), as part of a transition leading to institutionalize its functions and technical capacity within SEGEPLAN, since it acts as the technical secretariat of the GDR and of CONADUR.

2. USAID Strategic Vision

The Strategic Objective 2 (SO2) of the USAID 2004-2009 Strategy for Guatemala is Economic Freedom: opening, diversification and economic expansion. The SO2 goal is to consolidate Guatemala's

competitiveness at a general level as well as that of the major industrial "clusters", by increasing income levels and ensuring opportunities of productive and properly remunerated employment, particularly in rural areas.

The three major components (Intermediate Results or IRs) of the SO2 are: 1) Laws, policies and regulations that promote trade and investment; 2) more competitive private enterprises, oriented towards the market; and 3) greater access to financial markets and services.

The scope of the SO2 goals will be measured by the following indicators: 1) Changes in the composition of exports by selected "clusters" (sustainable tourism, high value exports of vegetables, exports of coffee and certified forest products) or key products; and 2) Increase the Index of Competitiveness (World Economic Forum).

The efforts of USAID are centered on rural economy because severe and destabilizing poverty is a rural and indigenous phenomenon that affects mainly women and youth. Rural development needs to improve Guatemala's competitive position, enabling it to take advantage of the opportunities offered by global markets, especially on sustainable tourism, high value exports of vegetables, exports of coffee and certified forestry products. In order to do that, it is necessary to promote reforms in the regulatory frame as well as in critical areas of public policies, focusing on efforts of rural development and rural means of life. The IRs1 of the SO2 focuses on the regulatory and policy changes that are necessary to promote a greater

economic growth in the rural areas of the country.

Those purposes and guidelines of the USAID Strategy for Guatemala are compatible with the statement of the Rural Development Cabinet that propositioned to draft policies that tend to overcome the extreme poverty of rural areas, with a participatory, territorial and long-term approach.

3. The Cooperative Agreement

USAID Guatemala began its support to the government effort through the FIPA Project, under contract of the International Resources Group (FIPA/IRG). However, the Government of Guatemala requested a more extensive assistance to carry out a highly participative process in the drafting and validation of the Policy and to implement the Strategic Agenda of the Rural Development Cabinet.

In response, USAID Guatemala and the Inter-American Institute of Cooperation for Agriculture (IICA) decided to subscribe an agreement to support the efforts of the Rural Development Cabinet.

The agreement with IICA was a strategic one since it is a multilateral instance, specialized in improving the living conditions of rural areas in the Americas. IICA's cooperation agenda in Guatemala covers a strategy that concentrates on the issue of agricultural competitiveness and the development of institutional capacities, to enable a projection of the rural spaces where agricultural and rural life take place.

Under such Agreement, the **Drafting and Validation of the Integral Rural Development Policy and the implementation of the Action Plan of the Rural Development Cabinet of the Government of Guatemala** was constituted (Cooperative Agreement USAID/IICA No. 520-A-00-05-00096-00), hereinafter referred to as the "USAID/IICA Agreement", the results of which are systemized in this *Final Report*.

This initiative is also inscribed as part of the efforts to "reduce to one half between 1990 and 2015, the percentage of persons who suffer hunger and malnutrition" (goal 1), established in the Statement of the Millennium, adopted by 189 Chiefs of State and Government, and of which the Government of Guatemala is a subscriber. The support to the implementation of the Millennium Goals is also coincident with the strategic guidelines of the IICA and USAID.

According to the original Agreement, its purpose was to support the Government of Guatemala in drafting a new Rural Development Policy. This included, specifically:

1. Support the Inter-sector Table in drafting and validating the National Rural Development Policy.
2. Support the implementation of the 2005 Action Plan of the Rural Development Cabinet.

The USAID/IICA Agreement began to be executed on May 13, 2005 and would originally conclude on May 12, 2006. Nevertheless, upon request of the Government of Guatemala, six successive amendments to the original Agreement were accorded, extending its contents, financing and term of execution until February 29, 2008.

4. Purpose of the Final Report

The indicators for the evaluation of the USAID/IICA Agreement were established in the *Program Description* attached to the original Cooperative Agreement, but such indicators and components were extended in the six successive amendments. This Final Report concentrates on identifying and assessing the accomplishments at the level of components and results. The activities were reported in the quarterly reports.



II. Results of the USAID/IICA Agreement

The lifespan of the USAID/IICA Agreement may be divided in two major stages, according to the entity through which the technical and financial assistance of the Agreement was channeled:

- ✓ Management of the Rural Development Cabinet (GGDR)
- ✓ Technical Unit of Rural Development (UTDR) of SEGEPLAN

The results foreseen from the support through the Management of the GDR (GGDR) are stated in the Original Agreement and in Amendment I. After Amendment II, the results to be accomplished are described through the assistance provided by UTDR.

The implementation of the USAID/IICA Agreement covered from May 11, 2005 until February 29, 2008. During those 2 years and 9 months, the cooperation through the GGDR went from May 12, 2005 until April 11, 2006 (11 months).¹ As of May 2006, the cooperation began to be channeled through the recently created UTDR to warrant the institutionalism of the efforts.

Although the recipient and transmitting entities of the cooperation provided by the USAID/IICA Agreement had precise deadlines, in some cases the results and activities of both stages were implemented continuously.

1. Assistance of the USAID/IICA Agreement through the GDR Management

At the beginning of the USAID/IICA Agreement, which covers up to amendment I, it had been foreseen to accomplish 8 results and 18 specific activities. The results programmed in this first stage were:

1. Accompany the Dialogue Table to draft the Rural Development Policy.
2. Support the implementation of the Strategic agenda and the 2005 Action Plan of the GDR.
3. Formalize the Inter-agency Technical and Financial Cooperation Table for Rural Development (MIA)
4. Provide technical assistance to the Rural Development Cabinet
5. Coordinate the Agreement administratively and financially
6. Draft five transversal policies linked to the PDR
7. Draft the agenda of strategic communication of the GDR
8. Support the Latin American Conference on Chronic Malnutrition in the frame of the Millennium Goals.

The level of accomplishment of each one of the results is as follows.

¹ The GGDR began to function since August 2004 with the support of USAID through FIPA/IRG. The GGDR was officially appointed in May 2005.

i) Accompaniment for the Dialogue and Participation Table to draft the Rural Development Policy

Under this result, it had been considered to reach three main products: 1) Install the Dialogue Table; 2) Support the representatives of the Executive Branch of Government; and 3) Draft the social communication strategy.

The installation, methodology and representation at the Dialogue Table was based on the analysis of the experiences that, during the period 2000-2003, had taken place in the Inter-sector Dialogue Table for Rural Development that had been launched by the United Nations System and the Organization of the American States.

The Dialogue Table became formally installed on February 18, 2005, amid an environment that was characterized by the intensification of land tenure conflicts during 2004.

During this period, the Dialogue Table had significant accomplishments in creating favorable conditions for dialogue, and in defining the vision on rural development and strategic frame. Nevertheless, at the end of the accompaniment through the Management of the GDR no consensus had been reached with respect to the rights of the indigenous peoples, the territorial approach, mechanisms to incorporate gender equity and the land tenure conception proposed by some sectors. Some of those divergences were overcome during the following stage (see indent 2 of this Section).

The need to support the representatives of the Executive Branch of Government, as well as an appropriate communication policy (see indent vi), became evident when inefficiencies were detected in the methodological facilitation of the dialogue process and the premature exit of some sectors, especially the political parties, the representatives in Congress of the Republic (including those of the official party) and the entrepreneurial entities.

The technical assistance provided accomplished that the representatives from the Executive Branch act under one single conceptual guideline of rural development, of gender and with one shared strategy of negotiation. It also advocated on maintaining a certain leadership and being able to act as promoters of the process at difficult times, although without fully overcoming the lack of internal coordination among such representatives.

ii) Support for the implementation of the Strategic Agenda and the 2005 Action Plan of the GDR

Upon request of the GDR, the Management contracted through the USAID/IICA Agreement, the preparation of several studies and proposals that helped the GDR to maintain the strategic vision of the process to draft the policy. Such studies are attached in the CD that accompanies this Report.

Nevertheless, the lack of integration of the Management within the structures of the public sector increasingly hindered its capacity to explain and advocate with representatives of the Executive Branch and led to the

decision of suppressing the Management position and creating the Technical Unit for Rural Development (UTDR) within SEGEPLAN in May 2006.



Photo 1. Collection Center for Potatoes at "La Cumbre". The study on the Mam Potato System contributed to the analysis of rural economies and provided inputs for the Rural Development Policy. (Photo: Consultant Report GGDR)

iii) Formalize the Inter-agency Technical and Financial Cooperation Table for Rural Development (MIA)

The MIA was officially installed on September 30, 2004,² by request of the Government of Guatemala, with the purpose of coordinating the technical and financial support for the processes undertaken by the GDR.

As a part of the discussions at the Table, the financing for the creation and operation of the GDR Management materialized through the USAID/IICA Agreement. This decision was crucial in keeping coordination among agencies and entities of the central government.

Due to difficulties in the practical application of the multilateral concept,

² The Table was originally formed by the World Bank, the IADB, GTZ, FAO, IICA and USAID, with the intention of enlarging it with AECI, the BCIE, ONUDI, UNDP and the European Union.

the absence of governmental representation in the meetings, and the fact that the GGDR functioned outside the Governmental formal structure, the MIA started to lose its original dynamics. The Governmental call to support the emergency originated by the Stan storm and the lack of response of the cooperation agencies to support projects presented in the Table led to a long period of inactivity –until September 2007.

iv) Provide technical assistance to the Rural Development Cabinet

The USAID/IICA Agreement provided technical and financial assistance to the Management of the GDR to help implement its 2005 Action Plan. That Plan was conceived as a transition prior to implementing the Rural Development Policy that should begin in 2006.



Photo 2: First meeting of the MIA (Photo: IICA).

The main focus of support was helping to create a favorable climate for rural development by drafting studies and proposals on public policies,³ in the

³ Some of the studies were: a) Base line indicators of rural development in Guatemala, b) map of the actors of rural development in Guatemala, c) georeferentiation of territories based on the products revealing a high index of competitiveness; d) Characterization of the Mam potatoes territory; and,

definition of strategic investments and in launching territorial planning.

While it was clear from the beginning that the Plan was to be executed simultaneously with the process of dialogue to draft the Policy, one of the most frequent questionings was that the execution of the Plan was kept practically on the side of what was happening in the Dialogue and Participation Table, without taking advantage of the possibilities of feedback and of becoming the operational platform and the Baseline for the Policy being drafted.

v) Draft five transversal policies linked to the PDR

In support of the GDR, the Management made a study on the gaps, strengths and institutional needs of the entities and policies related to rural development, which was concluded in September 2005 and presented one month later to the Vice Presidency of the Republic.

Such analysis was supplemented with the matrixes of characterization of public policies linked to rural development accomplishing to draft four of them.⁴

vi) Draft the Agenda for Strategic Communication of the GDR

In August 2006, the Management of the GDR hired a consultant who recommended that the communication strategy of the GDR

concentrate in "accomplishing that the different sectors of the population understand and support the efforts under the Strategic Agenda of Rural Development". Such objective should be met in three major phases:

- √ Define the "discursive field" to cover in a comprehensible way, all of the theme areas of rural development.
- √ Socialize and empower such discourse within governmental instances.
- √ Spread the messages to the citizens through all available media, including those segments of the population with strategic importance.

At the end, the strategy was partially implemented, mainly due to the difficulties in articulating the "discursive field" and the predominance of momentary issues in public management.

vii) Support the Latin American Conference on Chronic Malnutrition in the frame of the Millennium Goals.

On September 11 and 12, 2005 the "Latin American Conference on chronic Hunger in the frame of the Millennium Goals" was held in Guatemala. Some 400 persons participated, coming from 16 delegations of Latin American countries and more than 40 national institutions.

The Conference was closed by Presidents Oscar Berger of Guatemala and Luis Inacio Lula da Silva from Brazil.

The participants concluded that political will is indispensable to make progress in the fight against hunger,

e) Rural conflict in Guatemala. These are attached in the CD that accompanies this Report.

⁴The prioritized policies were: agrarian, environmental, labor, food and nutrition security, and small and medium rural entrepreneurs. The labor policy is still pending.

and that it must be a national cause, not only on account of its ethical and moral dimensions, but also for economic reasons. Continuity in the efforts on the issue of public policies and re-orienting international co-operation towards a less populist approach are efficient tools to accomplish the proposed objectives.

2. Assistance of the USAID/IICA Agreement through the UTDR

As a result of amendments II to VI, 6 Components, 15 Results and 34 Activities were added to the original Agreement, identified in the Matrix of Compliance included in the enclosed CD.

Component A: Institutionalization of the UTDR and the GDR Secretariat

As a part of the institutionalizing process, two specific results were stated:

1. Create and implement the Technical Unit of Rural Development (UTDR)
2. Formalize the technical secretariat of the GDR in SEGEPLAN

1) In March 2006, after eighteen months in which the Management of the Rural Development Cabinet (GGDR) as an entity outside the government structures functioned, an orderly transition process began towards the Technical Unit of Rural Development (UTDR), created as part of the Secretariat of Planning and Programming of the Presidency (SEGEPLAN)⁵

⁵ The creation of the UTDR was established in the Internal Regulations of SEGEPLAN.

At the end of President Berger's Administration, the UTDR had its specific staff and budget, and had become the main reference on rural development, both within SEGEPLAN and in the rest of the central government.

2) In September 2006, the Rural Development Cabinet was formally created⁶, the function of which is to orient and coordinate the implementation of the strategies, activities and actions in the short, medium and long term, for the integral rural development of the country. Since then, SEGEPLAN acts as the technical secretariat, with the support of the UTDR.



Photo 3. From left to right: Jorge Mendez (former President of Congress); Oscar Berger (former President of Guatemala) and Eduardo Stein (former Vice President). Creation of the Rural Development Cabinet and presentation of the Policy of Integral Rural Development on September 5, 2006 (Photo: DCA).

Component B: Institutionalization of the Rural Development Policy

Four main results were expected under this component:

⁶ The GDR was installed in August 2004, but the Government Resolution 471-2006 that makes it institutional was published in September 2006. Under the coordination of the Vice President of the Republic, it gathers seven ministers and five secretaries.

1. Support the implementation of the Strategic Agenda
2. Support for SEGEPLAN as the technical secretariat of the CONADUR
3. Inter-institutional coordination to implement the Rural Development Policy
4. Draft the strategy for investment in rural roads 2007-2010

1) The Strategic Agenda, drafted and approved by the GDR members in 2005, establishes the vision as well as political and strategic guidelines on how to address the integral rural development in the country. A proposal to update such Agenda was submitted to the GDR and the newly elected authorities in November 2007.

As part of the process of implementation of the Strategic Agenda, two main products must be mentioned:

- ✓ The Rural Development Policy
- ✓ The Pre-Draft of the Frame Law on Rural Development.⁷

The Rural Development Policy (PDR) was drafted and approved⁸ by the Government of the Republic on the basis of consensus, except for the land tenure issue,⁹ reached at the Inter-Sector Dialogue and Participation

⁷ The initial document was drafted by USAID/ABT. Latter UTDR accompanied the elaboration of the final draft sent to the Vice-Presidency of the Republic in June 2007.

⁸ The PDR was approved by the GDR in August 2006 and presented to the public by the President of the Republic on September 5, 2006.

⁹ There were other minor disagreements with respect to competitiveness, the rights of the indigenous peoples and the territorial approach vs. the sector approach. The entrepreneurial sector gradually left the Table. The Table functioned from March 30, 2005 until September 5, 2006.

Table on the Integral Rural Development Policy (MDPDRI).¹⁰ The implementation of such Policy is underway.

The Pre-Draft of the Frame Law for Rural Development presents the institutionalization of rural development, seeking to build bridges between the different entities related with the issue.

2) The National Council of Urban and Rural Development (CONADUR) is summoned and begins to operate systematically as of November 2005, almost two decades after the enactment of the respective Law.



Photo 4. The National Council of Urban and Rural Development has 52 members, representing the civil society (women, peasants, labor, indigenous), entrepreneurs, universities, representatives of local governments and the central government. (Photo: IICA)

With this, it assumed the strategic direction of rural development and approved vital instruments that make it possible to implement the Policy. SEGEPLAN acts as the technical secretariat of the CONADUR with the support of the UTDR.

¹⁰ The MDPDRI operated from March 30, 2005 to September 5, 2006.

Two of the main products derived from the operation of the CONADUR were:

- ✓ Criteria to guide the allocations of the public pre-investment and investment budget for 2008.¹¹
- ✓ Regulations to manage the allotment for the Departmental Development Councils.¹²

3) The inter-institutional coordination was necessary to promote the implementation of the Rural Development Policy. Two results can be derived from this coordination:

- ✓ The design of the Program Making the Peasant Economies more dynamic.¹³
- ✓ The proposal on Public Investment in Rural Areas.

The Program to Make the Peasant Economies More Dynamic was undertaken on the basis of a consultation process within the technical and political tables, specifically created for that purpose.

The USAID/IICA Agreement maintained a close inter-institutional coordination with the Program on Trade and Competitiveness implemented by ABT/USAID, which provided technical and financial assistance for several products related to rural development.¹⁴

¹¹ On May 9, 2007, CONADUR approved the Criteria proposal in an extraordinary meeting.

¹² CONADUR approved the Regulations to manage the allotment for the Departmental Development Councils on December 5, 2006.

¹³ The Special Execution Unit was created at the MAGA in May 2007, and later on, the Directive Council was formed, with the participation of four entities of the Executive Branch, four organizations of the civil society, and the School of Agronomy of San Carlos University.

¹⁴ The products developed were: Barrios & Mellor on employment in the Highlands; studies on prioritizing rural roads; initial draft of the Law of Rural



Photo 5. The peasant economy makes local markets more dynamic and thus, contributes to the economic growth of the country. (Photo: Rodriguez, D., Consultant, IICA).

Other alliances with international institutions linked to rural development were agreed to with SEGEPLAN, for its technical internal strengthening, and for progress in planning with a territorial approach.

4) The UTDR coordinated and supported the preparation of the Strategy of Investment in Rural Roads 2007-2010, financed by ABT/USAID and developed by the Institute of Environment and Natural Resources (IARNA) of the Rafael Landívar University. This strategy summarizes a large part of the policy for the economic development of the rural areas in the country.

Development; and updating the strategic agenda of the GDR.



Photo 6. Paving the rural roads is a key for rural economies to be able to become more dynamic and contribute to the national economic growth. (Photo: Barrios, J.).

Component C: Strengthening the SESAN

SESAN was created by Governmental Decree 32-2005, on April 25, 2005. Support was given to the transition process of the Commission on Food and Nutrition Security to the institutionalization of the SESAN as a Secretariat.

The Millennium Statement establishes as its number 1 goal (ODM1) to *"reduce to a half, between 1990 and 2015 the percentage of persons suffering hunger and malnutrition"*. In the case of Guatemala, meeting that goal is the direct competence of the Secretariat of Food and Nutrition Security (SESAN).

SESAN was supported in the organization of the "Latin American Conference against Chronic Malnutrition, towards the accomplishment of Goal No.1 of the Declaration of the Millennium" and to comply with the commitments made under it.

As a follow-up to the commitments made at the Conference and as part of its programmatic intervention strategy, SESAN determined the need to focus its actions in those areas with the higher incidence of hunger and malnutrition. The design and interpretation of interactive maps thus became a priority action.

For those reasons, the USAID/IICA Agreement provided technical and financial assistance in the purchase of equipment and training requested by the Secretariat of Food and Nutritional Security (SESAN).

With those activities and the technical staff of the Secretariat, it has the capacity to draft, interpret and implement specific intervention plans, using interactive maps that Monitor the places with critical levels of hunger and chronic malnutrition (territorial approach).

Component D: Administrative Coordination of the USAID/IICA Agreement

In accordance with the foreseen result, the Inter-American Institute of Cooperation for Agriculture (IICA) exercised the administrative and financial control of the USAID/IICA Agreement. Support was given to the preparation of the technical and financial reports, budget and administration of resources as well as the hiring of technical personnel of the UTDR and the requested consultants.

IICA also provided technical assistance on issues related to rural development, the territorial approach and the gender approach, through dialogues and training by experts from IICA for the representatives of the central

government at the Table on Drafting the Integral Rural Development Policy. Several workshops were also held with officials and technicians of the government and departmental delegates of SEGEPLAN. Likewise, the coordination and support of the IICA/Brazil Mission must be highlighted. They assessed the initiative of the Territorial Management Model proposed by SEGEPLAN in support of rural development policies that arise from the Development Councils.

Gender

As a part of the technical support given by IICA in the Cooperative Agreement, special attention was given to promote the gender approach. After the integration of the Inter-Sector Dialogue and Participation Table for the Drafting of the Integral Rural Development Policy (MDPDRI), a permanent technical advisory service was begun on gender issues upon request of the Presidential Secretariat for Women (SEPREM).

At the MDPDRI, a working group was formed with the representatives of the MAGA, SEGEPLAN, SEPREM and SAA focused in the promotion, within the internal discussions, incorporating the gender perspective in the Policy. The proposals and agreements accomplished by this working group were taken up by the UTDR and were reviewed in conjunction with SEPREM, prior to including them in the final document of the Policy.

After September 2005, MAGA was given support in re-installing the Gender Office and accompaniment was given to the negotiations, planning and conformation of the Association of the National Network of Agricultural

Women (REDMA) which attained its juridical personality in February 2008. This instance will enable the incorporation of 360 groups of rural women in the programs of the MAGA and other sources of technical and financial cooperation.

From December 2007 to February 2008, accompaniment and advice was given to SEPREM in the administrative transition processes and updating the National Policy for the Promotion and Development of Guatemalan Women, both vital tasks in documenting the progress and the outstanding commitments with the Guatemalan women.

Component E: Consolidation of the institutional reforms

The results programmed under this component were:

1. Technical assistance to SEGEPLAN and the GDR in tasks related to the Rural Development Law
2. Technical assistance to SEGEPLAN in three meetings of the GDR
3. Technical support to SEGEPLAN for implementation of the CONADUR Strategic Agenda
4. Technical assistance to SEGEPLAN in order to formalize its participation in the Spanish-American Network of Territorial Planning

1) The first version of the draft of the Law on Rural Development (prepared with the support of USAID/ABT) was discussed by different actors, where the UTDR led the revision process. The technical assistance consisted in accompanying the discussion of the draft within the GDR and in the Economic Cabinet, as well as the

Participation in several meetings of the National Council for the Implementation of the Peace Accords (CNAP) was also given, to evaluate the possibility of summoning a National Dialogue on the Rural Development Law, and which is seen as an important actor on issues of rural development.

By request of the GDR, several technical documents were made, oriented to facilitate information on rural development during the post-electoral political transition. The proactive and propositioning

participation during that stage enabled the dissemination of the Strategic Agenda as the route to follow on the issue of rural development and the Multi-Year Plan of Rural Investments (PLAMIR) as a key instrument for the implementation of such Strategy. The GDR and CONADUR also remained positioned as the cornerstones of the institutionalism of rural development.



3) The technical assistance required by SEGEPLAN was provided to implement the Strategic Agenda of the CONADUR. Support was given to several workshops of the working commissions and meetings of the CONADUR to draft the proposal for investment allocations in the budget of the Executive Branch and of the CODEDES for the 2008 fiscal year. Support was also given to the process of draft and approval of the Regulations for the administration of the allocation to the Departmental Development Councils (CODEDES).

4) The formalization of SEGEPLAN's participation in the Spanish-American Network of Territorial Planning is the only result that could not be accomplished during the life of the USAID/IICA Agreement. This was due

to the fact that the meeting of the Network was re-scheduled on several occasions by member states and still no date is foreseen to hold it. The non-compliance with this result was outside the sphere of decisions of SEGEPLAN and of the USAID/IICA Agreement.

Component F: Support for the implementation of the Rural Development Policy

The three results programmed under this component were:

1. Support the implementation of the Policy at the sector level
2. Support the implementation of the Policy at the level territorial
3. Support the coordination of international cooperation to implement the Rural Development Policy.

1) The Rural Development Policy (PDR) is being implemented satisfactorily in the sphere of sectors. Two major products have derived from such implementation process:

- √ The Multi-annual Investment Plan (PLAMIR) was developed on the basis of the proposal of rural roads made by USAID/ABT. The President of the Republic approved the negotiation of a loan for US\$125 million with the Inter-American Development Bank (IDB) that will be used to fund the Program of Rural Roads, which in addition to the roads infrastructure, includes the transfer of technology, technical assistance and social organization.
- √ The Program Making Peasant Economies more Dynamic, the execution of which is charged to

the Ministry of Agriculture, Animal Husbandry and Food (MAGA), through the Special Unit for the Execution of such Program. The Directive Council of the Program has already been installed and has begun to have meetings systematically with the technical assistance of the UTDR. It is important to point out that there is a representative of the rural women's organizations in the Directive Council.

2) At the territorial level, the Policy has also begun its implementation. To date, three specific products were developed:

- √ Inclusion, in the updated version of the GDR Strategic Agenda of a Classification of Territories in Guatemala.
- √ The profile of the Project on Economic Democratic Governance.
- √ Evaluation of the Model for Territorial Administration, including the evaluation of the National System of Territorial Strategic Planning (SINPET) and the respective proposal for its strengthening.

The prospective capabilities of SEGEPLAN on the issue of territorial planning were also strengthened through the process of joint strategic planning with its three Special Execution Units (Indigenous Peoples, Water and Rural Development).¹⁶

¹⁶ Other three relevant activities were the organization of the workshop "Territorial Development Week" (September 2006), "Encounter between Territories" (July 2007) and participation in the II Latin American Congress on National Parks (October 2007).



Photo 8. The IICA/Brazil Mission contributed with the evaluation of the Model of Territorial Management and its contribution to rural development. (Photo: IICA)

3) After several months of an impasse, the Table on international Cooperation for implementation of the Rural Development Policy was reactivated. In the three meetings held until the date of conclusion of the USAID/IICA Agreement, the International Cooperation Table (MIA) had met three times,¹⁷ to discuss the Strategic Agenda of the GDR and draft its own work agenda.

3. General Perspective of the accomplished results

In summary, 22 out of the 23 results foreseen during the execution of the USAID/IICA were fully accomplished. The execution of the only result that could not be accomplished (E4) was outside the sphere of decisions of the entities assisted by the USAID/IICA Agreement (See Matrix of Compliance in enclosed CD).

The general balance resulting from the implementation of the USAID/IICA Agreement is positive. Rural development was kept as a priority in the last government administration and everything seems to indicate that its importance will remain during the new Government.

¹⁷ Meetings were held on 08/17/09, 09/14/07, and 11/09/07.

The institutionalism supporting rural development is in an accelerated process of consolidation, while some changes attributed to the management style of the new governmental administration and to a new approach of geographical focus are anticipated.¹⁸

The basic challenges to strengthen institutionalism are related to the lack of approval of the Law of Rural Development and the Law on Public Investments, on one hand; and on the other, a more active and decisive involvement of the municipalities, the COMUDES/COCODES; without neglecting the continued summons and coordination of the CONADUR and the GDR.

Another challenge will be to disseminate and position the strategic vision and guidelines contained in the updated version of the Strategic Agenda, keeping at the same time the rhythm of implementation of its major programs: Making Peasant Economies more Dynamic and Investments on Rural Roads.

Despite the complexity of the issue of rural development, the USAID/IICA Agreement was able to attend to the needs that rose along the way, mainly due to the flexibility with which it was conceived and implemented. The six amendments it underwent so indicate.

In summary, as it seldom happens in Guatemala, rural development tends to be positioned as a policy of State,

¹⁸ President Alvaro Colom announced the creation of a Council of Rural Development and the beginnings of his rural development plan focused on Ixcán, Quiché and then extend it to the 41 poorest municipalities of the country in an initial phase and to other 98 municipalities at a later phase.

having stayed in the center of attention during the last three administrations. Its enrichment has been a progressive one and, after the last administration, it has become more explicit and systematic. There is a clear

political trend in the Government of Eng. Alvaro Colom to maintain rural development as a priority issue, and he probably will do it with his own strategic directives and institutional adaptations.



III. Considerations on the Management of Rural Development

On the basis of the 2004-2008 guidelines of the Government and in response to the mandates of the Peace Accords,¹⁹ the Government of Guatemala established as a priority the public management of rural development, in August 2004. Since then, four great moments can be identified, although they did not necessarily happen in a sequential manner:

1. Creation of the Rural Development Cabinet (GDR)
2. Conformation and reactivation of the national Urban and Rural Development Council (CONADUR)
3. Approval of the GDR Strategic Agenda and Action Plan
4. Approval of the Rural Development Policy and its instruments for implementation

As part of these moments, four processes can be identified in the management of rural development (Figure 1): i) A favorable climate; ii) Design; iii) Institutionalization; and iv) Implementation.

The purpose of this section is to show the major trends and difficulties observed, in order to place in a fair dimension, the accomplishments reached to this date.

1. Favorable Climate

The political and institutional nature of the initial actions to promote rural development was vital for the issue to be positioned in the national agenda.

Political will was essential and it became evident with the creation of the Rural Development Cabinet (GDR), at the highest possible level within the governmental structure.

Due to the manner in which the process was conceived, from the Strategic Agenda up to the Rural Development Policy, including the transition from the GGDR to the UTDR, the implementation of the Action Plan were key actions to have a clear idea on the direction and articulation of the initiative.

The decision to incorporate actors who are representative of the civil society in the process to define the Rural Development Policy, also helped to create the favorable climate and to obtain social support for the measures to be implemented.

¹⁹ SEPAZ had proposed the "re-launching" of the Peace Accords and within them, rural development was identified among their priorities, together with compensation for the victims of the armed conflict, the rights of the indigenous peoples, strengthening the Development Councils and reinforcing modernization and decentralization of the State.

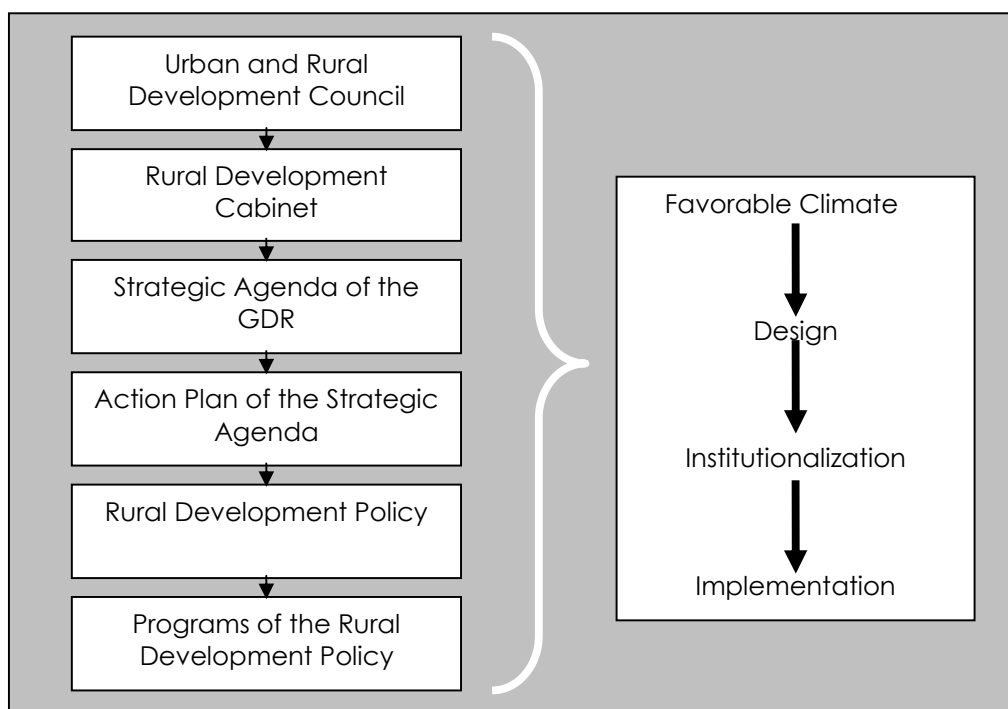


Figure 1. Moments or phases of the recent government management of rural development. (Source: Made by the project).

Within the Dialogue and Participation Table, the agreements and disagreements were part of a foreseeable and even healthful dynamism. An outstanding feature is that the participants contributed a large number of studies and proposals that whether or not received as part of the consensus, they indeed contributed to improve the knowledge and understanding of the complexities of rural development.

However, away from the Table, a more comprehensive political covenant was missing, to “reconcile the dynamics of the tree branches of the State... to promote the convergence of all the actors involved in the issue of rural development”.²⁰

²⁰ Final Report of the Management of the Rural Development Cabinet (GGDR 2006).

Thus, the dynamics parallel to the dialogue process, especially in the Congress of the Republic, led to the presentation of several draft laws on rural development that do not necessary include the progress and consensus achieved at the Table.

As in previous experiences, the fact that collective responses cannot be binding in executive and/or legislative decisions continues to be the “bottleneck” of the dialogue and citizens’ participation processes.

2. Design Process

Prioritization of rural development as the main axis of public management arises from an initiative of the Central Government to advance in the implementation of the Peace Accords, on one hand, and to accelerate the

process to reduce rural poverty on the other.

The multidisciplinary nature of the issue led to the installation of the rural Development Cabinet (GDR), directly coordinated by the Vice-President of the Republic, as a sign of the hierarchy assigned to the issue, and of the commitment made at the highest level.

The Strategic Agenda or the GDR, approved only six months after it was created, established four objectives: i) The participative formulation of the Rural Development Policy; ii) The multi-sector management; iii) the coordination of international cooperation; and iv) follow-up and evaluation.

The Table signified the continuation of the dialogue on rural development that occurred during the period 2000-2004, sponsored by the United Nations System and the Organization of American States, but with two important differences: a) the process began to be coordinated by the Executive Branch; and b) other actors were incorporated.²¹

The consensus achieved at the Table on substantive issues²² are the essence of the Rural Development Policy approved in May 2006. The representation of the Policy is based upon those agreements.

²¹ The Table had the participation of 8 delegates of the Executive Branch, 2 from the Academia Sector, 8 from the political parties, 6 from the peasant and indigenous sectors, 6 from the organizations of small rural producers, 2 of rural women, 3 from entrepreneurial guilds and 1 from the environment sector.

²² See Final Statement of the MDPDRI, August 2006.

The lack of consensus on the land tenure issue and gender equity continue to be an outstanding issue in the Guatemalan society and marks the critical point from where rural development begins to have different meanings, perhaps even contradictory, for those involved.²³

The Strategic Agenda was conceived as the series of strategic actions to be implemented by the GDR to promote rural development (Figure 2). The specific activities to implement the Agenda are contained in its Action Plan. The most important activity of the Strategic Agenda is the coordinated and participatory drafting of the Rural Development Policy.²⁴

The GDR Strategic Agenda was updated four years after it was approved, in view of the need to *"continue working on the basis of lessons learned and the results required to make the processes move forward and meet the ends and objectives of rural development"*.²⁵

In more precise terms, the Strategic Agenda was updated because its original objectives were successfully accomplished: drafting the Policy; multi-sector management; coordination of international cooperation; and creation of monitoring and evaluation mechanisms.

²³ A more detailed analysis of the difficulties encountered in the agreement process at the MDPDRI can be seen in: J. García Ruiz "Elementos para un acercamiento al análisis de los procesos implicados en la Mesa de Diálogo y Participación sobre Desarrollo Rural". IICA, 2006.

²⁴ The Policy contains 7 Axis, 25 guidelines and 66 strategies.

²⁵ Strategic Agenda of the Integral Rural Development, November 2007 (p.4).

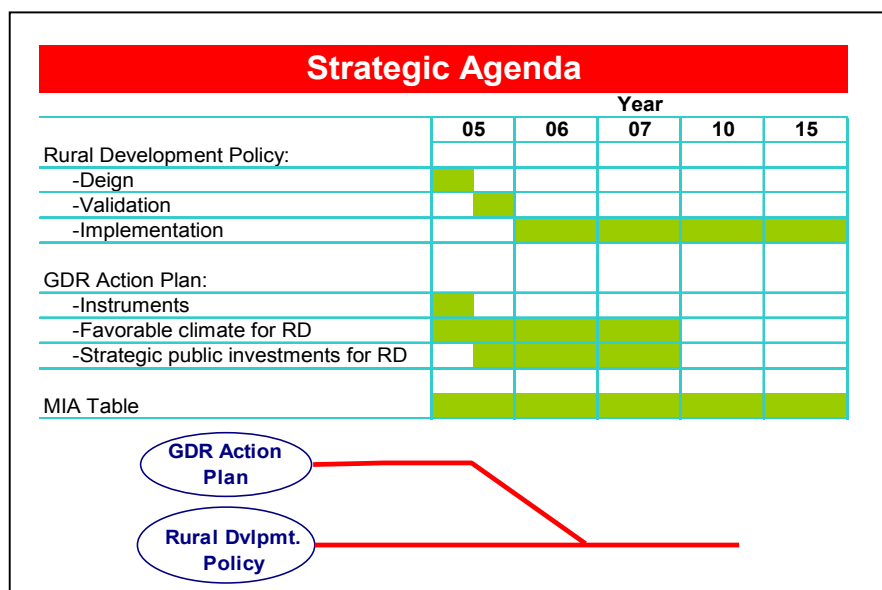


Figure 2. Scheme of the Strategic Agenda, the Action Plan and the Rural Development Policy. (Source: GDR Management, July 2005)

In a certain sense, having met all of the original objectives of the Strategic Agenda, **is the global indicator that summarizes the success achieved in the execution of the USAID/IICA Agreement.**

There is a major change in the original and in the updated structure of the Strategic Agenda. The original Strategic Agenda presented the strategic vision and the general actions to be carried out by the GDR in order to promote rural development with a greater strength.

The updated Strategic Agenda includes specific actions to be carried out by GDR, focusing on making the small rural economies more dynamic through infrastructure, technology, extension and loans, to promote the full implementation of the Rural Development Policy.²⁶

²⁶ Rural Development Cabinet. "Program to support the strategy of inclusive economic growth in the Guatemalan rural area" (p. 5).

Another significant step forward of the updated Strategic Agenda is its conceptual re-stating. It proposes that the promotion of rural development may achieve three basic objectives:

- Inclusive economic growth.
- Competitiveness of rural territories.
- Agrarian Governance.

The critical route to accomplish the inclusive economic growth will be to support competitive agriculture based on small productive units, especially in the Highlands and other focalized areas.

To increase the competitiveness of rural territories, an intensive intervention will be necessary on the major determinants: rural roads, electric coverage, wide band Internet and rural telephones, departmental airports and promote the articulation of urban-rural services.

Agrarian governance will continue to be responsible for a greater challenge:

strengthen the programs to address crises and resolve the agrarian debt, increase the coverage of the Center of Agrarian Arbitration, strengthen the Agrarian Information and Monitoring System, follow up on the 1631 cases of conflict in process, accelerate the advance of the cadastre and reformulate the operation of Fontierras.

3. Institutionalism of rural development

One of the major achievements of the rural development institutionalization process was talking back the role of the National Urban and Rural Development Council (CONADUR), as a directing and consultative entity of the highest level on the issue, clarifying and also organizing the roles of the different actors (Figure 3).

CONADUR met over the 2004-2007 period, more times than the number of meetings it had held in the two decades of the history of the Development Councils System²⁷ with the support of SEGEPLAN acting as the technical secretariat with the support of the UTDR.

The double function of SEGEPLAN as the technical secretariat of the GDR and of CONADUR ensures the consistency of the substantive agenda of both instances improves coordination and enables the follow-up and feedback on the implementation of the decisions made.

Despite the firm orientation towards rural areas and the decentralizing principle shown in the Strategic Agenda and in the Rural Development

Policy, an important challenge will be to find the way in which the demands of the COMUDES and the COCODES, expressed in strategic plans of municipalities and association of municipalities (*mancomunidades*), become the core of rural development policies.

This implies a reversal of the logic for rural development planning. The plans prepared from the capital city with criteria from the sectors of the delegates from the Executive Branch and from delegates that represent sectors (not territories) of the civil society, are participative, legitimate and representative. But they must be strengthened and supplemented with proposal drafted and "validated" at the territorial level.

In the process supported by the USAID/IICA Agreement, the theoretical, institutional and political foundations were set in order to make that methodological reformulation feasible. A greater effort will be needed to refine the Territorial Management Model, to strengthen the National Territorial System of Strategic Planning (SINPET)²⁸ and reinforce the capacity of the communities and of municipal governments.

²⁷ In reality, the CONADUR had only been "installed" twice, in two previous administrations, but had not held any ordinary meetings.

²⁸ Although coming from a municipal base, the Territorial Strategic Plans (PET) is limited to the departmental level and is validated, mainly, in the sphere of the CODEDES. Thus, in theory, the funds managed by the latter should serve to fund the PETs, according to the Administrative Regulations of the Allocation to CODEDES, approved in 2007.

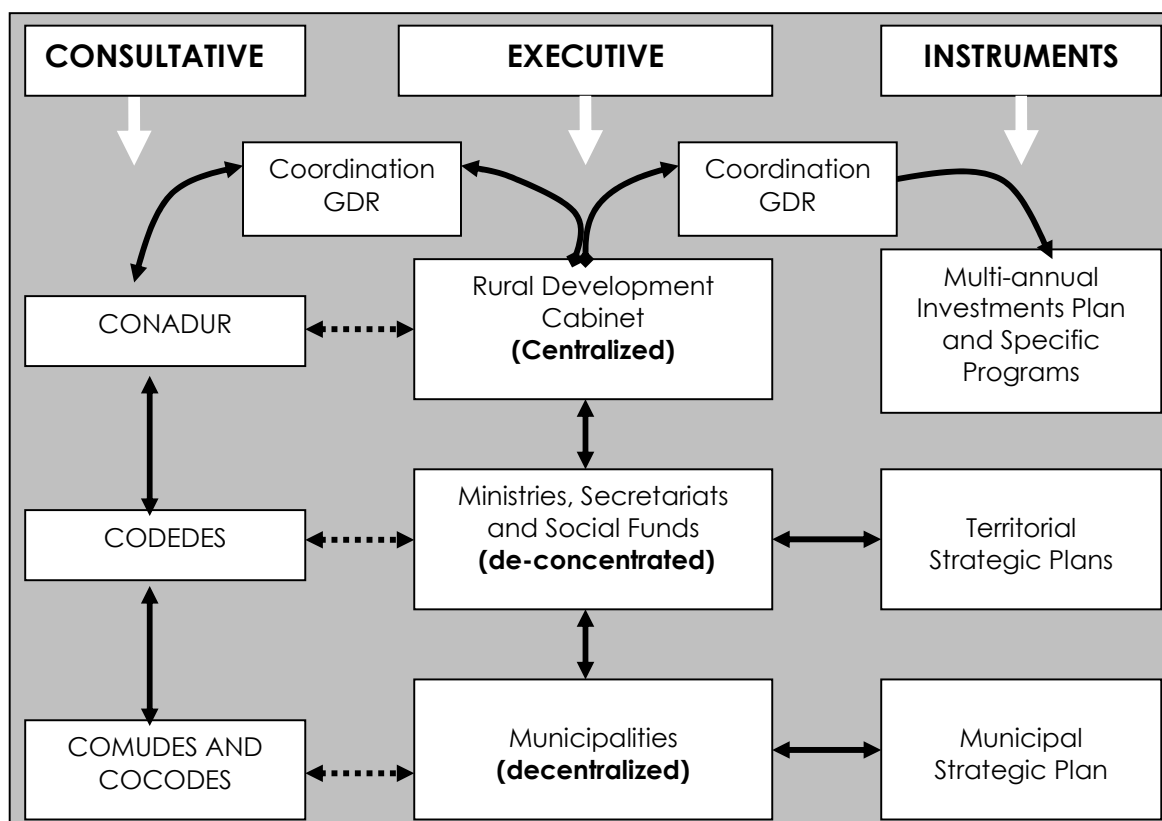


Figure 3. Scheme of the formal institutionalism for rural development management. (SOURCE: Prepared based of the presentation of the Rural Development Policy, 2006)

In order to strengthen the Territorial Management Model, more progress must be made to articulate its different instruments:

- i. The National System of Territorial Strategic Planning (SINPET) and its methodological tool which is the Territorial Strategic Plan (PET)
- ii. The National Pre-Investment System (SINAPRE)
- iii. The National Public Investment System (SNIP)
- iv. The Territorial Management Model (MGT)

The role of international cooperation agencies in the promotion of rural development will continue to be relevant, particularly if the activities of

the Inter-Agency Technical and Financial Cooperation for Rural Development Table (MIA) are maintained.²⁹

Nevertheless, in institutional terms, the main challenge will be to strengthen the CONADUR as the higher consultative instance on public policies linked to rural development and their capacity to channel the demands and interests coming from the other levels

²⁹ In 2007, 118 bilateral cooperation projects were underway, for an amount of US\$282.3 million and 166 multilateral cooperation projects for US\$251.2 million. The projects "oriented to rural development" accounted for 79% and 56% of the bilateral and multilateral cooperation respectively. Rural Development Cabinet. "Updating the database on the issues of intervention and financial contributions from the international cooperation to the Guatemalan rural area". December 2007.

of the national council system for development.

4. Implementation of the updated Strategic Agenda

Unlike other public policy initiatives that usually stay stagnant in the drafting stage, the Agenda and the Policy are being implemented at the time of conclusion of the USAID/IICA Agreement.

As was mentioned, the four objectives of the original Strategic Agenda were fully implemented and it was necessary to draft an updated version. Furthermore, other simultaneous processes are being implemented:

1. The Program Making Peasant Economies more Dynamic
2. The Strategy for Inclusive Economic Growth for the Guatemalan Highlands³⁰
3. The Multi-annual Plan for Rural Investments 2008-2010

Negotiations are underway for a loan in the amount of US\$125 million from the Inter-American Development Bank (IDB) that will be used to finance the Program of Rural Roads, which in addition to road infrastructure, includes the transfer of technology, technical assistance and social organization. The profile of the Project on Economic and Democratic Governance is also being negotiated with the Spanish Fund.

Those instruments of implementation reflect the high importance of the competitiveness approach and a dual way to address rural development. In

the first case are the investments to improve road connectivity, which is assumed to be a Basic determinant of territorial competitiveness, according to the Mellor and IARNA studies.

In the second case is the simultaneous implementation of the Program Making Peasant Economies More Dynamic and the Strategy of Inclusive Rural Development for the Highlands, with different but complementing programmatic bases.

The first program focuses in the support to peasant economies of subsistence and operates through conditioned transfers. It has more of a compensatory and territorialized approach, and is deeply inserted in the structures of the central government.

The second program concentrates in the small viable productive units that are competitive in the export market. It operates with investments in infrastructure, technological innovation, productive organization and bank financing. It is more territorial (the Highlands) and linked to local economic actors.

Another basic difference is that the latter program stems from the identification of the productive potential (export horticulture) in specific territories (the Highlands), ³¹ and thereafter, the strategic investments and technical accompaniment are planned.

Complementarities between both programs come from the joint effort of serving a greater universe of productive units (viable and

³⁰ The Program is designed for the period 2009-2011, with an estimated investment of US\$141 million.

³¹ The analysis was broadened later to include the Verapaces and the departments of Jutiapa and Jalapa

subsistence), as well as from the mutual learning about the impact that the differentiated intervention strategies will have.³²

Also, both programs have something in common, since both re-position agriculture as the motor of rural development and within it, the small productive units, on the basis of Mellor's findings: "agriculture contributes 28% of the GNP of the Highlands, but it also promotes rural non-agricultural activities that are equivalent to 21% of the GNP; thus, agriculture contributes 49.5% of the GNP of that region".³³

A systematic monitoring on the execution of those programs and feedback on the lessons learned should be taken up as a relevant task to reinforce the conceptual, programmatic and institutional foundations of rural development.

The Multi-annual Investment Plan (PLAMIR) is an attempt for translating the Strategic Agenda into executable actions of public policy, and creating synergies and multiplying effects. The investments were identified and approved within the GDR to warrant a

strategic vision and accomplish the maximum coordination, not only the sum of sector or ministerial investments.

Applying such strategic vision to the investments funded with allocations to the Departmental Development Councils (CODEDES) will present an inter-institutional coordination challenge.

Another challenge will be to maintain the integrality of PLAMIR in the discussion and approval process of the General Income and Disbursements Budget of the Nation in the Congress of the Republic, and within the priorities of the new government authorities.³⁴

In general terms, the USAID/IICA Agreement contributed to the democratization of the policies dialogue as well as to specific institutionalization processes and procedure for implementing programs related to rural development. These programs tend to be valued and sustained by the new authorities of the Government of Guatemala. The process started has not been left inconclusive, but rather is in full progress.

³² As presented by Mellor, complementarities also come from the benefits obtained by non-competitive producers, through the multiplying effect of economic growth of the agricultural sector.

³³ Likewise, although agriculture occupies one third of direct labor, it happens that agricultural activities account for 70% of the employment growth in the Highlands. Barrios and Mellor, 2006.

³⁴ Since the subscription of the Peace Accords, the rural public expenditure has doubled, growing at a rhythm of 17% per year on average, with a greater emphasis on infrastructure and social spending, but with an accentuated neglect in productive promotion. Rural Development Cabinet (2007), "Rural Development Management: progress and critical routes".



IV. Lessons learned

1. The strategic vision makes governmental support viable

Rural development is a complex and multi-sector issue. It demands political will, conceptual clarity as well as institutional and programmatic designs that are applicable to the reality of the country.

From the beginning, the GDR had clarity in such issues: the Strategic Agenda had to lead to the Rural Development Policy and, meanwhile, the Action Plan would be implemented as a transition stage. The former was implemented successfully, but the Action Plan was kept independent and did not give the necessary feedback for drafting the Policy. This is a typical case of public policy: the conceptual design differs from its practical application.

The territorial focalization and small but viable productive units, re-taking agriculture as an economic motor is a qualitative step of conceptual importance in the type of public policies that have so far been applied in Guatemala, related to rural development.

A basic problem is that in such conceptual frame, it is assumed that there will be an automatic economic "overflow" towards all of the population, derived from the dynamics of the agricultural sector (which does not occur at the national level); and the importance of other key

productive sectors that might help improve the local economy and the internal markets, such as community tourism, rural drawback and others, are made invisible.

Nevertheless, the complementing actions of other programs that support productive units operating under conditions of subsistence are fundamental in maintaining the local economic governance.

The progress made in the conceptual statements and in the instruments that were developed should facilitate the inclusion of rural development in the priorities of the new government administration –although it must be recognized that there are programmatic differences when governments change.

The summons to a national dialogue announced by the new Government could be the ideal space to promote the continuity of commenced actions.

2. Assuming the territorial approach with practical application in the System of the Development Councils is a Basic condition that needs to be strengthened

The drafting of successful rural development policies calls for the application of the territorial approach and the need to have updated technical studies and carefully screened methodological tools.

The variety of studies and consultants hired with funds from the USAID/IICA Agreement and the USAID/ABT Project reflect the need to continue strengthening the model of territorial management of SEGEPLAN and its capacity with permanent and specialized technical personnel.

The construction of a system of territorial competitiveness maps might help focalize public investments on specific determinants of competitiveness for each economic zone and thus facilitate the insertion in markets and productive chains of their local economic agents.

A monitoring system for changes in the territorial competitiveness map, as well as the extent of progress in the productive strategies of specific geographical zones is indispensable in the assessment of benefits derived.

3. Citizens participation in the drafting of policies, while desirable, is a process that needs to mature

The consensus reached in the Dialogue and Participation Table to draft the Rural Development Policy, the proposals coming from the technical and political tables to formulate the Program Making Peasant Economies more Dynamic, and the national and departmental levels of the Development Councils System, show the viability and proponent capacity of those instances. But they also show their limitations.

The ideological positions, institutional and/or sector interests, the weak or changing methodological designs and the lack of representation of less traditional sectors, tend to underline

the divergences above coincidences. They also erode the basis of the dialogue and the created expectations.

While it is necessary to reverse the vertical logic in drafting public policies, starting from the local level of the Development Councils System (COCODES and COMUDES), there still remains the challenge to create capacity in the central government to direct the dialogue in an appropriate manner, so that the demands and the multiplicity of actors do not overflow the contours of the stated dialogue.

It is foreseeable that the lack of consensus on the agrarian issue will remain to be the outstanding issue of rural development. Continuity of the dialogue on policies about such a subject in an eventual summons by the new government must be supported by careful preparatory process to enable building proposals on the basis of convergence points, previously identified, as minimal as they may be. Agrarian governance continues to be in the middle of the critical route of rural development.

4. The dialogue processes must rest on a comprehensive political covenant and must derive from reasonable expectations

Although the process to agree on the drafting of the Rural Development Policy was participatory and helped to build citizenship and governance, in practice it had to face the same problems that had already been encountered in previous experiences: a comprehensive, political covenant was missing to "reconcile the dynamics of the three branches of the State... to

propitiate the convergence of all actors involved in the issue of rural development" (GGDR 2006).

Due to circumstances inherent to the governmental management and the independence of powers, in parallel to the Dialogue and Participation Table, several drafts of a rural development law were presented, which did not take into account the consensus achieved at the Table. The official block, far from the priorities of the Executive Branch on rural development, remained idle before such situation.

In the strategy presented at the Dialogue and Participation Table, the draft proposal had the purpose of guaranteeing the implementation of the Policy and to take it up to the level of "State Policy".

Again, the political and programmatic distance between the Executive and Legislative Branches, together with the legal impossibility of giving a binding effect to the collective proposals coming out of a dialogue process, became an impassable obstacle. Every participatory process to build public policies should take into account those circumstances at future occasions.

5. A strong and articulate institutionalism is the key to generate synergies and make rural development viable

Due to its multi-sector and integral complexity, the success in promoting rural development depends upon the synergies that can be accomplished, but also on the fact that the policy to follow is not invasive, but rather

complementary to the competence of other public policies and institutions. That is why activating the CONADUR and the creation of the Rural Development Cabinet, formed and directed at the highest political level, are not only desirable, but indispensable to accomplish the programmed objectives.

The different roles and decision spheres among those instances, as well as the accompaniment of SEGEPLAN as technical secretariat (supported by the UTDR), contributed to maintain a program consistency and an appropriate rhythm to implement the objectives presented in the Strategic Agenda.

Non-approval of the Law of Rural Development reflects the multiple interests, approaches and expectations generated around such Law. The task of achieving agreements on its contents and the political lobbying made prior to its eventual approval will serve as parameters to measure the extent of appropriation accomplished in each one of the sectors involved.

The institutionalization of rural development is in the process of becoming securely fastened, notwithstanding the fact that changes are anticipated, attributed to the management style of the new government administration, new theme issues and geographical priorities.

The Multi-annual Investment Plan (PLAMIR) seeks to translate the Strategic Agenda into actions of public policy that have the possibility of being implemented. The application of such strategic vision to the investments

funded with the allocations given to the Departmental Development Councils (CODEDES), will account for a challenge of inter-institutional coordination.

Another challenge is the fact that the programs linked to rural development should be, by definition, multi-disciplinary and inter-institutional, but implemented by a sector. The rigidity of the public sector compels, for legal reasons of competence and accountability, to have specific executors, whose sector vision finally predominates in the implementation of programs conceived more broadly.

6. Flexibility in the design and implementation of the USAID/IICA Agreement multiplied the foreseen impacts

The accompaniment from “within” through the UTDR and on the basis of the specific demands of the GDR as a directing entity, determined the quality and relevance of the technical and financial assistance provided through the USAID/IICA Agreement. The privileged relation with one single counterpart, who had sufficient capacity of action to define technical

aspects, avoided possible duplicities and inconsistencies, in the technical demands that were attended.

The flexibility in the design and operation of the USAID/IICA Agreement was also decisive in ensuring the demands as efficiently as possible. However the successive amendments to the original Agreement and the sum of components and results threatened to complicate the implementation and programmatic consistency.

The *de facto* association between the USAID/IICA Agreement and the USAID/ABT Project is a model to be replicated. The permanent coordination and complementarities of efforts multiplied the impact of the cooperation given to the government entities and enabled making a more rational use of the administered resources.

Detaching the government entities, subject of the cooperation, from managing the administrative and financial aspects of the USAID/IICA Agreement, enabled those responsible for rural development to concentrate their efforts in the drafting and implementation of the foreseen policies and programs.

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